



Fiscal Note
Legislative Council Staff
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SB 25-319: MODIFY HIGHER ED EXPENSES INCOME TAX INCENTIVE

Prime Sponsors:

Sen. Bridges; Amabile
Rep. Bird; Taggart

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

Summary Information

Overview. This bill makes technical changes to the Colorado Promise state income tax credit and appropriates funding to the Department of Revenue.

Types of impacts. The bill conditionally affects the following areas on an ongoing basis through FY 2032-33.

- State Expenditures

Appropriations. The bill includes an appropriation of \$135.446 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$169,649	\$267,485
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.9 FTE	3.4 FTE

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$135,446	\$206,305
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$34,203	\$61,180
Total Expenditures	\$169,649	\$267,485
Total FTE	1.9 FTE	3.4 FTE

Summary of Legislation

This bill makes technical changes to the Colorado Promise state income tax credit.

Background

[HB 24-1340](#) created a refundable state income tax credit to encourage Colorado high school graduates to enroll in Colorado higher education institutions (Colorado Promise credit).

The credit is available for income tax years 2025 through 2032. The bill provides a refundable income tax credit to a student enrolled in at a public state institution of higher education, community college, area technical school, or occupational education school. For each tax year the student is claiming the credit, the student must:

- have matriculated within two years after having graduated from a Colorado high school or equivalent program;
- have a household adjusted gross income (AGI) of \$90,000 or less, as reported on their application for federal student aid (FAFSA) state financial aid (CASFA);
- qualify for in-state tuition;
- have enrolled in at least six credit hours or equivalent for the semester or term for which they are claiming the credit; and
- have a grade point average of 2.5 or higher for the semester or term for which they are claiming the credit.

The credit is equal to the tuition and fees paid by the eligible student to the institution minus any scholarships or grants.

The student can only claim up to 65 credit hours total across all years for which they claim the credit. Credits earned through concurrent enrollment, advanced placement, the international baccalaureate program, military credits, or any other credits earned prior to enrolling at a state higher education institution are not qualified to be used for the income tax credit.

Assumptions

As of the date of this note, it is unclear if the Department of Higher Education (CDHE) can use FAFSA information as a source for determining eligibility for the state income tax credit. Under current law enacted in HB 24-1340, it was assumed this information would be available to determine the eligibility of the student thus reducing the review and verification costs for the DOR. To the extent the CDHE can share FAFSA information with the DOR to determine if the student qualifies for state income tax credit, the costs described in this fiscal note will not be needed and the included appropriation is expected to revert back to the General Fund. If not, the DOR will use the funding appropriated in the bill to verify if the student is eligible for state income tax credit.

State Expenditures

As discussed in the Assumptions section above, the bill will conditionally increase state expenditures in the Department of Revenue (DOR) by \$169,649 in FY 2025-26 and \$267,485 in FY 2026-27. These costs, paid from the General Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$113,004	\$201,953
Operating Expenses	\$2,432	4,352
Capital Outlay Costs	\$20,010	\$0
Centrally Appropriated Costs	\$34,203	\$61,180
Total Costs	\$169,649	\$267,485
Total FTE	1.9 FTE	3.4 FTE

Tax Credit Administration

For FY 2025-26, the department conditionally requires 1.9 FTE tax examiners to review credit claims, verify documentation and staff call centers. These costs are prorated to reflect an assumed November 2025 start date and reflect standard operating expenses and capital outlay costs. Beginning in FY 2026-27 and ongoing through FY 2032-33, the department conditionally requires 3.4 FTE to fulfill these review and verification tasks.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2025-26, the bill includes a General Fund appropriation of \$135,446 to the Department of Revenue and 1.9 FTE.

State and Local Government Contacts

Information Technology

Revenue

Personnel

State Auditor

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).